

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 90-758-W/S - ORDER NO. 91-511 ✓  
JUNE 14, 1991

IN RE: Request of Carolina Water Service, )  
Inc. to transfer Oak Grove Estates ) ORDER  
Utility, Inc. to Carolina Water )  
Service, Inc. )

This matter is before the Public Service Commission of South Carolina (the Commission) on the Application of Carolina Water Service, Inc. (Carolina or the Company) for approval of the transfer of the water and wastewater systems presently owned by Oak Grove Estates Utilities, Inc. (Oak Grove) which provides water and wastewater service to customers in the Oak Grove Estates area of Lexington County to Carolina Water Service, Inc. and for the approval of the existing Oak Grove Estates rates and charges which are on file with the Commission for this area. The Company's November 19, 1990, application was filed pursuant to S.C. Code Ann. §58-5-240 (1976) and 26 S.C. Reg. 103-821 (1976).

By letter dated January 7, 1991, the Commission's Executive Director instructed the Company to publish a prepared Notice of Filing, one time, in a newspaper of general circulation in the area affected by the Company's application. The Notice of Filing indicated the nature of the Company's application and advised all interested parties desiring participation in the scheduled

proceeding of the manner and time in which to file the appropriate pleadings. The Company was likewise required to directly notify all customers affected by the relief requested in the Company's application. A Petition to Intervene was filed on behalf of Steven W. Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate).

A public hearing relative to the matters asserted in the Company's application was held before the Commission on May 1, 1991, in the hearing room of the Commission at 111 Doctors Circle, Columbia, South Carolina. Chairman Marjorie Amos-Frazier presided. John Beach, Esquire, represented the Company, Carolina Water Service; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and F. David Butler, Esquire, represented the Commission Staff.

The Company presented the testimony of Kenneth M. Deaver. Deaver is employed by Utilities, Inc., which owns 100% of the stock of Carolina Water Service, Inc. Deaver serves as Regional Director of Operations for the states of South Carolina and Georgia. As part of his duties, Deaver is responsible for the administration and operation of the water and sewer systems owned by Carolina Water Service, Inc. In his present position, Deaver supervises the day-to-day operations of the various utility plants and systems, and coordinates major upgrades to plants and facilities.

Deaver's testimony showed that Utilities, Inc. is a privately-owned company located in Northbrook, Illinois with a base of over 100,000 customers. Utilities, Inc. owns and operates

approximately 250 water and sewer utility companies in twelve states. Deaver's prefiled testimony further showed that the South Carolina Department of Health and Environmental Control (DHEC) had placed a moratorium on the wastewater treatment facility owned by Oak Grove Estates Utilities, Inc. due to the plant not meeting the limits set forth in the NPDES permit. Oak Grove approached Utilities, Inc. about the purchase of Oak Grove's system. Further, according to Deaver's testimony, both the water and sewer facilities owned by Oak Grove were out of compliance with DHEC standards. Deaver noted that the water and sewer system in Oak Grove Estates owned by Oak Grove Estates Utilities, Inc. is in close proximity to Carolina Water Service's I-20 water and I-20 regional sewer systems. Carolina Water Service would be able to interconnect these systems with the facilities of Oak Grove Estates Utilities. Carolina Water Service has been maintaining the Oak Grove systems since November 1, 1990. Deaver's testimony showed that no additional staff in the office or in operations have had to be hired as a result of the added responsibilities. Further, Carolina Water Service does not have any plans to increase Oak Grove's rates to bring them up to Carolina Water Service's level. Carolina Water Service intends to charge the same rates to Oak Grove's customers as they are presently paying for both water and sewer utilities if the sale is approved by this Commission.

Based on its thorough consideration of the testimony, the verified application and the applicable law, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Carolina Water Service, Inc. is owned in its entirety by Utilities, Inc. of Northbrook, Illinois.

2. Oak Grove Estates Utilities, Inc. is a water supply and distribution system as well as a sewerage collection and treatment system which serves central water and sewer service to approximately 140 residences in the Oak Grove Estates subdivision in Lexington County, South Carolina.

3. Oak Grove's present rates and charges were approved by Order No. 87-258, dated March 13, 1987, in Docket No. 86-284-W/S.

4. At present, with regard to its water charges, Oak Grove has a basic facilities charge of \$6.50 with commodity charges of \$1.70 per 1,000 gallons for the first 10,000 gallons and \$2.00 per 1,000 gallons for amounts above 10,000 gallons. With regard to sewer charges, Oak Grove charges a flat rate of \$17.00 per month.

5. In its application, Carolina Water Service seeks approval of the transfer of the water and wastewater systems presently owned by Oak Grove Estates Utilities, Inc. to Carolina Water Service, Inc. and proposes to charge the present customers of Oak Grove Estates Utilities, Inc. the same rates as are presently in effect.

6. The Commission finds that the transfer of the water and wastewater systems presently owned by Oak Grove Estates Utilities, Inc. to Carolina Water Service, Inc. should be approved.

7. At present, both the water and wastewater systems of Oak Grove are out of compliance with DHEC standards. Carolina Water Service has the capital and the knowledge to bring the systems

back into compliance with DHEC regulations.

8. The close proximity of the water and sewer system in Oak Grove Estates compliments the Carolina Water Service I-20 water system and the I-20 regional sewer system. Incorporation of the Oak Grove facilities into those of Carolina Water Service will allow Carolina Water Service to interconnect the Oak Grove systems with the present Carolina Water systems and affect an economy of scale.

9. No additional staff have had to be hired since Carolina Water Service began to maintain the Oak Grove system as of November 1, 1990.


10. The present rates being charged to Oak Grove customers for both water and sewer systems are hereby reaffirmed for use with the system after the transfer to Carolina Water Service, Inc. until further Order of the Commission. The rates were found to be just and reasonable in Order No. 87-258 of Docket No. 86-284-W/S, dated March 13, 1987, and the Commission has heard no evidence at this time to change this finding.

11. Accordingly, it is ordered that the transfer of the water and wastewater systems presently owned by Oak Grove Estates Utilities, Inc. to Carolina Water Service, Inc. is hereby approved; and that the rates and charges attached in Appendix A, which are identical to the present rates and charges charged by Oak Grove Utilities, Inc. are approved for service rendered on or after the date of this order. This schedule is hereby deemed to be filed with the Commission pursuant to S.C. Code Ann. §58-5-240 (1976).

It is further ordered that the Company maintain its books and records for its operations in accordance with the NARUC Uniform System of Accounts for Class A and B Sewer Utilities as adopted by this Commission.

12. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

**CAROLINA WATER SERVICE, INC.\***

**(OAK GROVE ESTATES SYSTEMS)**

**RATES AND CHARGES**

**SCHEDULE OF RESIDENTIAL RATES**

Water - Monthly service charge per Single-family residence  
or Apartment unit.

Basic Facilities charge	\$ 6.50 minimum
First 10,000 gallons	\$ 1.70 per 1,000
All Over 10,000 gallons	\$ 2.00 per 1,000

Disconnect/Reconnect Fee	\$10.00
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Sewer - Monthly service charge per Single-family residence  
or Apartment unit.

Flat Rate	\$17.00 per month
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**SCHEDULE OF COMMERCIAL RATES**

Water - Monthly service charge per Church or Fire Station.

Basic Facilities Charge	\$ 6.50 minimum
First 10,000 gallons	\$ 1.70 per 1,000
All Over 10,000 gallons	\$ 2.00 per 1,000

Disconnect/Reconnect Fee	\$10.00
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Sewer - Monthly service charge per Church or Fire Station.

Flat Rate	\$17.00 per month
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**SCHEDULE OF TAP FEES**

Residential	-	Water	\$250.00
		Sewer	\$250.00
Commercial	-	Water	\$250.00
	-	Sewer	\$250.00

\* Identical to rates placed in effect for Oak Grove Estates  
Utilities, Inc. in Order No. 87-258 of Docket No. 86-284-W/S  
on March 13, 1987.